BerGenBio

Interim report second quarter and half year 2023

Corporate highlights

"For the second quarter we are pleased to report the outcomes of our cost-savings efforts and the successful closure of the Rights Issue. In combination this will fund our planned activities into the fourth quarter of 2024 and potentially into the second half of 2025 if all granted warrants at the Rights Issue are exercised.

Our highest priority is to progress the ongoing Phase 1b/2a clinical trial in first-line STK11m NSCLC patients ("BGBC016") where we are working towards enrolling the Phase 1b cohorts and initiating the Ph 2a part. During the second quarter, we obtained a wealth of additional clinical data which further validate the efficacy and tolerability of our lead compound bemcentinib. The data provide us with strong confidence in our focused strategy to study the compound's potential to treat 1L NSCLC patients harboring STK11 mutations. Further, explorative biomarker data from our BGBC008 trial (2L NSCLC) indicate that bemcentinib in combination with pembrolizumab provides encouraging survival benefits in patients harboring other hard-to-treat mutations such as KRAS and KEAP1.

During 2023, we have seen increased awareness for the need for improved treatments for this prevalent patient population with high unmet needs.".

Martin Olin

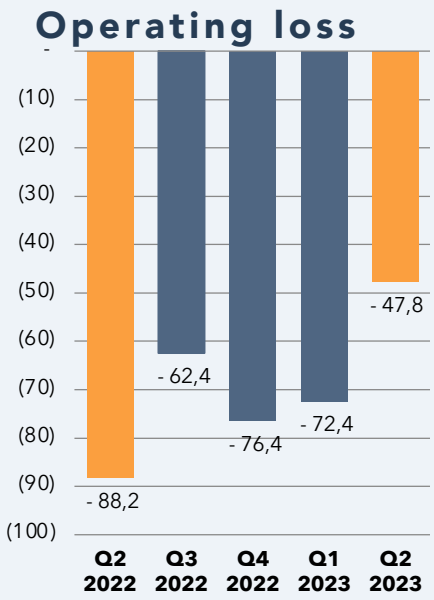
Chief Executive Officer

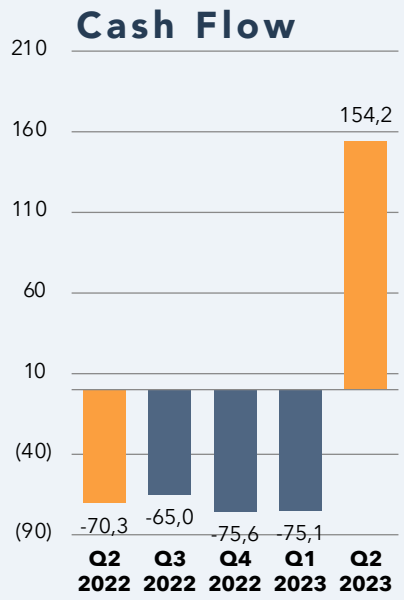
Recent highlights

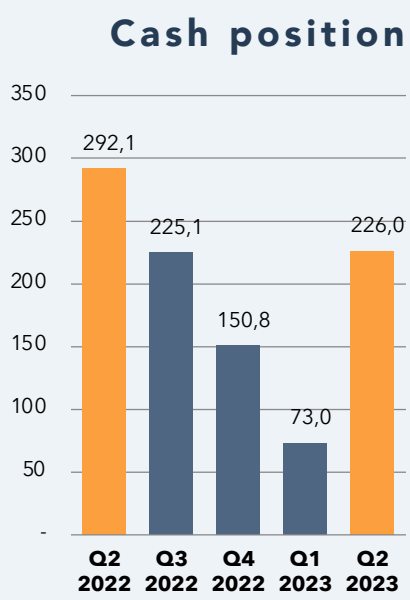
- May 2023: data presented at the prestigious ASCO 2023 oral presentation confirming bemcentinib + pembrolizumab achieved primary efficacy endpoint in investigator led study in mesothelioma
- May 2023: announcement of top line data from BGBC003 in AML & MDS indicating monotherapy benefit of bemcentinib
- June 2023: secured gross proceeds of NOK 250 in a Rights Issue

Q2 2023 Financial highlights

(NOK million)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Operating revenues	0,0	0,0	0,0	0,0	0,4
Operating expenses	47,8	88,2	120,2	166,8	306.0
Operating profit (-loss)	-47,8	-88,2	-120,2	-166,8	-305,6
Profit (-loss) after tax	-48,8	-84,1	-120,8	-165,1	-302,1
Basic and diluted earnings (loss) per share (NOK)	-0,15	-0,95	-0,57	-1,86	-3.41
Net cash flow in the period	154,2	-70,3	79,0	-141,5	-282,1
Cash position end of period	226,0	292,1	226,0	292,1	150,8







BerGenBio

Q2 2023 and post period clinical highlights

Clinical Development

Bemcentinib

BerGenBio's lead compound, *bemcentinib*, is a potentially first-in-class, oral, highly selective inhibitor of the receptor tyrosine kinase AXL, which is expressed and activated in response to oxidative stress, inflammation, hypoxia and drug treatment, resulting in several deleterious effects in cancer and severe respiratory infections. *Bemcentinib* selectively inhibits AXL activation to prevent the progression of serious diseases through the modulation of resistance mechanisms and the adaptive immune system.

Bemcentinib is currently being developed in 1L STK11 mutated NSCLC and severe respiratory infections. Its novel mechanisms of action and primary accumulation in the lungs uniquely position it to address these severe lung diseases.

Oncology: NSCLC

1L STK11m NSCLC (BGBC016)

We continue to advance our focused strategy through the conduct of BGBC016, a global, open-label Phase 1b/2a trial designed to determine the safety, tolerability and efficacy of *bemcentinib* in combination with standard of care treatments in untreated advanced/metastatic non-squamous NSCLC patients with STK11 mutations and no actionable mutations. Sites in the US have been activated and enrolment is ongoing while expansion into European sites is well underway, with regulatory approval to proceed received from regulatory authorities in the US and several European countries.

The Phase 1b dose escalation portion of the study evaluates the safety and feasibility of three different doses of *bemcentinib* in combination with pembrolizumab and doublet chemotherapy in 1L advanced/metastatic non-squamous NSCLC patients, regardless of STK11 status. The Phase 2a expansion will assess the safety and efficacy of up to two doses of *bemcentinib* in the same treatment combination in 1L advanced/metastatic non-squamous NSCLC patients with STK11 mutations.

A significant subgroup comprising of up to 20% (> 30,000 patients in US and EU5) of 1L non-squamous NSCLC patients harbor STK11 mutations, which are associated with immunosuppression and poor prognosis with standard 1L NSCLC treatment. Data suggests that STK11m NSCLC patients almost universally express AXL in tumors and/or on immune cells, resulting in the development of drug resistance, immune evasion, and metastases.

The data from the BGBC008 (2L+ NSCLC, *bemcentinib* in combination with pembrolizumab) and BGBIL005 (2L+ NSCLC, *bemcentinib* in combination with docetaxel) trials provide clinical evidence of the anti-tumor effects of *bemcentinib* and its ability to modulate the tumor microenvironment to enhance the effects of immunotherapy and chemotherapy. We believe that the reversal of the effects of AXL with bemcentinib holds the promise of providing substantial survival benefits to NSCLC patients and specifically in patients harboring STK11m and potentially other hard-to treat mutations such as KRAS and KEAP1.

Q2 2023 and post period clinical highlights

Clinical Development (Continued)

2L+ NSCLC Trial (BGBC008)

Additional biomarker analyses of the BGBC008 data in the second quarter yielded promising data which further support the potential for bemcentinib in our on-going 1L STK11m NSCLC trial and may represent an opportunity to further expand the patient populations that may benefit from the addition of bemcentinib to their treatment regimens. The Ph2 BGBC008 trial enrolled 90 evaluable 2L+ NSCLC patients who had received at least one prior line of therapy: chemotherapy, immunotherapy or the combination.

- An updated analysis of AXL biomarker status indicates that the presence of AXL expression on either tumor cells and/or immune cells is predictive of improved survival in patients treated with *bemcentinib +* pembrolizumab. The vast majority (88%) of patients met the criteria for AXL presence (AXL positive patients) and obtained clinically meaningful benefits:
  - Median overall survival was highly statistically significant at p=0.001 in AXL positive vs. AXL negative patients (14.1 mos. vs 6.5 mos).
  - Median progression free survival was 6.0 mos. in AXL positive patients vs. 5.8 AXL negative patients
- Analysis of available data for those patients who received subsequent therapies (3L+) following treatment with *bemcentinib* + pembrolizumab in 2L identified a higher-than-expected response rate, potentially pointing to long-lasting immune response benefits induced by *bemcentinib.*
- Data from the BGBC008 study also indicate that patients with PD-L1 negative (TPS score <1) benefit from the combination treatment of bemcentinib and pembrolizumab.
- Currently the PD-L1 negative patient population is not widely treated with immune checkpoint inhibitors; this observation might provide an opportunity to expand the patient population eligible for treatment.
- The combination of *bemcentinib* and pembrolizumab appeared to benefit patients with mutations associated with poor outcome with the currently available therapies, including STK11, KRAS, KEAP-1 and SMARCA4 mutations. These mutational patient populations may represent an incremental opportunity for future study with *bemcentinib* and will be further assessed in our on-going BGBC016 study in 1L patients.

Q2 2023 and post period clinical highlights

Clinical Development (Continued)

Oncology: Relapsed/Refractory AML/MDS

In the second quarter, topline results of the Phase 1b/2a BGBC003 multicenter open-label study of *bemcentinib* as a single agent and in combination with low-dose cytarabine (LDAC) or decitabine in patients with acute myeloid leukemia or as a single agent in patients with myelodysplastic syndrome were released.

- Two cohorts of patients in BGBC003 were treated with *bemcentinib* as a single agent (monotherapy). In Cohort B1, in patients with Relapsed/Refractory (R/R) AML, (n=11), *bemcentinib* provided an ORR of 18.2% and a mOS of 18 months. In Cohort B4, in patients with relapsed/high risk MDS, *bemcentinib* monotherapy provided an ORR of 18.8% with a mOS of 9.2 months.

- Furthermore, *bemcentinib* in combination with the chemotherapy LDAC appeared to provide substantial mOS benefit to patients with R/R AML (n=27) achieving an ORR of 18.5% and a mOS of 8 months.

Oncology: Mesothelioma

In the second quarter, topline results of the investigator led BGBIL011/MiST3 mesothelioma trial were presented on June 5, 2023, in an oral presentation at the 2023 American Society of Clinical Oncology (ASCO) conference in an abstract titled: *Bemcentinib and pembrolizumab in patients with relapsed mesothelioma: MiST3, a phase IIa trial with cellular and molecular correlates of efficacy*. Key results include:

- 26 patients with relapsed mesothelioma were enrolled in *MiST3* and all received at least one dose of *bemcentinib* and pembrolizumab.
- The primary endpoint of disease control rate at 12 weeks (DCR12w) was met: 46.2% (90% CI: 29.2, 63.4).
- Secondary endpoints included a disease control rate at 24 weeks (DCR24w) of 38.5% (95% CI: 20.2, 59.4) and an overall response rate of (ORR) of 15.4% (95% CI: 4.4, 34.9).
- The combination of *bemcentinib* and pembrolizumab was generally safe and well-tolerated.

In totality, the Company is very encouraged by the additional clinical data generated with bemcentinib and reported year-to-date 2023. Our current activities are focused on 1L NSCLC STK11m patients; however, we believe these additional datasets may expand the potential of *bemcentinib* beyond STK11m NSCLC patients to also benefit other hard-to-treat NSCLC mutations.

Q2 2023 and post period clinical highlights

Clinical Development (Continued)

Severe Respiratory Infections (SRIs)

The Company believes that *bemcentinib* blocks viral entry and replication, stimulates the innate immune system, and promotes lung tissue repair positioning it well for the treatment of severe respiratory infections.

On April 25, 2023, the Company decided to pause the Phase 2b trial evaluating *bemcentinib* in hospitalized COVID-19 patients until a potential acceleration in hospitalizations warrant further evaluation of *bemcentinib* in this population.

Bemcentinib is currently being evaluated in preclinical studies for SRIs causing Acute Respiratory Distress Syndrome (ARDS) and initial results are expected during 2023.

Q2 2023 and post period corporate highlights

Corporate Activities

Rights Offering

On June 13, 2023, the Company completed a rights issue raising gross proceeds of NOK 250m. The proceeds from this offering including any additional proceeds from the exercise of warrants will be dedicated to the conduct of BGBC016 in 1L STK11m NSCLC patients, preclinical studies in severe respiratory infections and for general corporate purposes.

Focused organizational structure aligned with strategy

The Company has taken measures to further reduce its operational costs including a significant reduction in workforce and total compensation to the executive management and the board of directors. This includes a transition of the CSO to a part-time consultancy position. These prudent actions will reduce total operating expenses by at least 30% compared to historic operational expenses when fully implemented.

Q2 2023 Financial review

Financial Results (Figures in brackets = same period 2022 unless stated otherwise)

Revenue for the second quarter 2023 amounted to NOK 0 million (NOK 0 million) and for the first half year 2023 NOK 0 million (NOK 0 million).

Total operating expenses for the second quarter 2023 amounted to NOK 47.8 million (NOK 88.2 million) and for the first half year 2023 NOK 120.2 million (NOK 166.8 million).

Payroll and other employee related cost in the second quarter was NOK 17.5 million (NOK 21.1 million) and for the first half year 2023 NOK 31.4 million (NOK 36.2 million). The decrease in Q2 2023 and YTD compared to 2022 is related to the effect of the restructuring announced in May 2022.

Employee share option cost in the second quarter was NOK 0.2 million (negative cost of NOK - 0.6 million) and for the first half year 2023 NOK 1.8 million (NOK 0.8 million). The change in cost in Q2 2023 and YTD compared to 2022 is a non-cash effect due to the reduction in social security tax provision on share options driven by a decrease in share price as well as effect of restructuring.

Other operating expenses amounted to NOK 30.1 million (NOK 67.4 million) for the second quarter and NOK 87.0 million (NOK 129.2 million) for the first half year 2023. Operating expenses are driven by the timing of cost of the clinical trials and drug manufacturing in preparation for clinical trial launches.

The operating loss for the second quarter came to NOK 47.8 million (NOK 88.2 million) and for the first half year 2023 NOK 120.2 million (NOK 166.8 million), reflecting the level of activity related to the clinical trials BerGenBio is conducting.

Net financial items amounted to a loss of NOK -1.1 million (profit of NOK 4.2 million) for the second quarter affected by loss on foreign exchange and reduced interest due to lower cash deposits. For the first half year 2023 the net financial items amounted to a loss of NOK - 0.7 million (profit of NOK 1.7 million).

Losses after tax for the second quarter were NOK 48.8 million (NOK 84.1 million) and for the first half year 2023 NOK 120.8 million (NOK 165.1 million).

Financial Position

Total assets as of 30 June 2023 increased to NOK 240.4 million (NOK 85.6 million as of 31 March 2023) mainly due to the proceeds from the Rights Issue completed in June 2023 reduced by the operational loss in the period.

Total liabilities were NOK 52.4 million as of 30 June 2023 (NOK 67.3 million as of 31 March 2023).

Total equity as of 30 June 2023 was NOK 188.0 million (NOK 18.3 million as of 31 March 2023), corresponding to an equity ratio of 78.2% (21.4% as of 31 March 2023).

Cash Flow

Net cash flow from operating activities was negative by NOK 63.3 million in the second quarter (negative by NOK 70.7 million) and NOK 138.7 million for the first half year 2023 (NOK 144.9 million), mainly driven by the level of activity in the clinical trials and drug development.

Net cash flow from investing during the second quarter was NOK 0.1 million (NOK 0.4 million) and for the first half year 2023 NOK 0.4 million (NOK 0.5 million).

Net cash flow from financing activities in second quarter 2023 was NOK 217.4 million (negative by NOK 0.1 million) and for the first half year 2023 NOK 217.4 million (NOK 2.9 million).

Cash and cash equivalents increased to NOK 226.0 million by 30 June 2023 from NOK 73.0 by 31 March 2023 (and a decrease from NOK 292.1 by 30 June 2022).

Q2 2023 Risk, uncertainties and outlook

Risk and uncertainties

BerGenBio is exposed to a number of risk factors: Financial risks, technology risks, competitive risks, patent and IP risks and regulatory and commercial risks.

The Risk and uncertainties section of the board of directors' report in the Annual report from 2022 contains a detailed description of these risks.

Outlook

The Company continues its work towards several upcoming milestones, to be achieved across the Company's clinical pipeline focused on the development of bemcentinib within NSCLC STK11m and respiratory diseases.

The recently announced clinical top line data from the trials in 2L NSCLC (BGBC008 and BGBIL005) in the opinion of the Company shows promising clinical benefit of bemcentinib in NSCLC supporting the on-going trial in 1L STK11m NSCLC patients.

With the net proceeds from the gross NOK 250 million rights issue, the actions taken to reduce its operational costs including a significant reduction in workforce and total compensation to the executive management and the board of directors, the Company is positioned to continue the advancement of its pipeline and working towards delivering new treatment options for patients in need and value for shareholders.

The cash position at end of Q2 2023 funds the planned activities into Q4 2024, excluding any net proceeds from exercise of warrants issued as part of the Rights Issue.

Responsibility Statement

The board today considered and approved the condensed, consolidated financial statement for the six months ending 30 June 2023 for BerGenBio.

The half year report has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU and additional Norwegian regulation.

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 30 June 2023 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole.

We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Bergen 22 August 2023
Board of Directors and CEO of BerGenBio ASA

Anders Tullgren, Chairman Sally Bennett Sveinung Hole

Debra Barker Martin Olin, CEO

Condensed consolidated statement of profit and loss and other comprehensive income

(NOK 1000) Unaudited	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Revenue		0	0	0	0	389
Expenses						
Payroll and other related employee cost	3	17,455	21,149	31,369	36,226	66,143
Employee share option cost	3	198	-605	1,768	791	2,546
Depreciation	2	7	314	14	631	883
Other operating expenses	6	30,103	67,380	87,035	129,156	236,451
Total operating expenses		47,762	88,238	120,185	166,804	306,024
Operating profit		-47,762	-88,238	-120,185	-166,804	-305,635
Finance income		2,008	5,970	5,121	6,373	15,027
Finance expense		3,081	1,802	5,769	4,706	11,514
Financial items, net		-1,073	4,168	-648	1,667	3,513
Profit before tax		-48,836	-84,070	-120,833	-165,136	-302,122
Income tax expense		0	0	0	0	0
Profit after tax		-48,836	-84,070	-120,833	-165,136	-302,122
Other comprehensive income						
Items which may be reclassified over profit and loss						
Exchange differences on translation of foreign operations		932	-86	1,197	-45	-484
Total comprehensive income for the period		-47,903	-84,156	-119,636	-165,182	-302,606
Earnings per share:						
- Basic and diluted per share	7	-0.15	-0.95	-0.57	-1.86	-3.41

Condensed consolidated statement of financial position

(NOK 1000) Unaudited		30 JUN 2023	30 JUN 2022	31 DEC 2022
ASSETS				
Non-current assets				
Property, plant and equipment		29	560	43
Total non-current assets		**29**	**560**	**43**
Current assets				
Other current assets	5, 8	14,437	13,325	15,860
Cash and cash equivalents		225,981	292,144	150,803
Total current assets		**240,417**	**305,469**	**166,663**
TOTAL ASSETS		**240,446**	**306,030**	**166,706**
EQUITY AND LIABILITIES				
Equity				
Paid in capital				
Share capital	9	262,053	8,866	8,866
Share premium	9	0	173,204	35,780
Other paid in capital	4, 9	45,620	41,928	43,852
Total paid in capital		**307,673**	**223,998**	**88,498**
Retained earnings	9	-119,636	0	0
Total equity		**188,037**	**223,998**	**88,498**
Non-current liabilities				
Long term debt	2	0	651	275
Total non-current liabilities		**0**	**651**	**275**
Current liabilities				
Accounts payable		39,906	26,040	29,634
Other current liabilities		12,504	55,340	48,299
Provisions		0	0	0
Total current liabilities		**52,409**	**81,381**	**77,933**
Total liabilities		**52,409**	**82,031**	**78,208**
TOTAL EQUITY AND LIABILITIES		**240,446**	**306,030**	**166,706**

Condensed consolidated statement of changes in equity

(NOK 1000) Unaudited	Note	Share capital	Share premium	Other paid in capital	Retained earnings	Total equity
Balance at 1 January 2023		8,866	35,780	43,852	0	88,498
Loss for the period					-120,833	-120,833
Other comprehensive income (loss) for the period, net of income tax					1,197	1,197
Total comprehensive income for the period		0	0	0	-119,636	-119,636
Recognition of share-based payments	3, 4			1,768		1,768
Issue of ordinary shares	9	253,187				253,187
Share issue costs	9		-35,780			-35,780
Transactions with owners		253,187	-35,780	1,768	0	219,175
Balance at 30 June 2023		262,053	0	45,620	-119,636	188,037

(NOK 1000) Unaudited	Note	Share capital	Share premium	Other paid in capital	Retained earnings	Total equity
Balance at 1 January 2022		**8,846**	**335,195**	**40,386**	**0**	**384,426**
Loss for the period			-165,136			-165,136
Other comprehensive income (loss) for the period, net of income tax			-45			-45
Total comprehensive income for the period		**0**	**-165,182**	**0**	**0**	**-165,182**
Recognition of share-based payments	3, 4			1,543		1,543
Issue of ordinary shares	9	21	3,198			3,218
Share issue costs	9		-7			-7
Transactions with owners		21	3,191	1,543	0	4,754
Balance at 30 June 2022		**8,866**	**173,204**	**41,928**	**0**	**223,998**

Condensed consolidated statement of cash flow

(NOK 1000) Unaudited	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Cash flow from operating activities						
Profit (loss) before tax		-48,836	-84,156	-120,833	-165,182	-302,122
Adjustments for:						
Depreciation of property, plant and equipment		7	314	14	631	883
Share-based payment expense	3, 4	198	114	1,768	1,543	3,466
Movement in provisions and pensions			-887		-969	-969
Currency -gains/+loss not related to operating activities		2,125	5,363	5,060	3,042	3,280
Net interest received		-70	-445	-358	-530	-2,949
Working capital adjustments:						
Decrease/-increase in trade and other receivables and prepayments		-1,849	-1,429	1,423	-927	-3,462
Decrease/-increase in trade and other payables		-14,873	10,433	-25,798	17,498	13,641
Net cash flow from operating activities		**-63,298**	**-70,694**	**-138,724**	**-144,894**	**-288,231**
Cash flows from investing activities						
Interest received		70	445	358	530	2,949
Purchase of property, plant and equipment						
Sale of property, plant and equipment						299
Net cash flow used in investing activities		**70**	**445**	**358**	**530**	**3,248**
Cash flows from financing activities						
Proceeds from issue of share capital	9	253,187		253,187	3,218	3,218
Share issue costs	9	-35,780		-35,780	-7	-7
Cash payments for the principal portion of the lease liability			-74		-307	-307
Net cash flow from financing activities		**217,407**	**-74**	**217,407**	**2,904**	**2,904**
Effects of exchange rate changes on cash and cash equivalents		-1,192	-5,363	-3,863	-3,042	-3,764
Net increase/(decrease) in cash and cash equvivalents		154,179	-70,323	79,041	-141,460	-282,080
Cash and cash equivalents at beginning of period		72,994	367,829	150,803	436,646	436,646
Cash and cash equivalents at end of period		**225,981**	**292,144**	**225,981**	**292,144**	**150,803**

Selected notes to the interim consolidated financials

Note 1
Corporate information

BerGenBio ASA ("the Company") and its subsidiary (together "the Group") is a clinical stage biopharmaceutical company focused on developing novel medicines for aggressive diseases, including cancer and severe respiratory infections.

BerGenBio ASA is a public limited liability company incorporated and domiciled in Norway. The address of the registered office is Møllendalsbakken 9, 5009 Bergen, Norway.

The condensed interim financial information is unaudited. These interim financial statements cover the three and six-months period ended 30 June 2023 respectively and were approved for issue by the Board of Directors on 22 August 2023.

Note 2
Basis for preparation and significant accounting policies

Basis for preparation and significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

No new standards have been applied in 2023.

Amounts are in Norwegian kroner (NOK) and presented in 1,000 NOK unless stated otherwise. The functional currency of the group is NOK.

Basis for consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as of 30 June 2023. The subsidiary is BerGenBio Limited, located in Oxford in the United Kingdom and is 100% owned and controlled by the parent company BerGenBio ASA.

Estimates and assumptions

Preparation of the accounts in accordance with IFRS requires the use of judgment, estimates and assumptions that have consequences for recognition in the balance sheet of assets and liabilities and recorded revenues and expenses. The use of estimates and assumptions are based on the best discretionary judgment of the Group's management. The Group works continuously to ensure financial flexibility in the short and long term to achieve its strategic and operational objectives.

Capital markets are used as a source of liquidity when this is appropriate and when conditions in these markets are acceptable. In June 2023 period the company secured in total gross NOK 250 million in new equity from the rights issue. Cash position at end of Q2 2023 was NOK 226 million, and the Board of Directors has reasonable expectation that the Group will maintain adequate resources to continue in operational existence for the foreseeable future. The interim financial statements are prepared under the going concern assumption.

Note 3 Payroll and related expenses

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Salaries	11,324	15,388	22,748	27,684
Social security tax	1,556	1,657	3,102	3,407
Pension expense	929	1,268	1,828	2,308
Short term incentive	0	0	0	0
Other remuneration, incl. restructuring	3,814	3,178	4,131	3,512
Government grants 1)	-168	-342	-441	-685
Total payroll and other employee related cost	**17,455**	**21,149**	**31,369**	**36,226**
Share option expense employees	198	114	1,768	1,543
Change in accrued social security tax on share options	0	-719	0	-752
Total employee share option cost	**198**	**-605**	**1,768**	**791**
Total employee benefit cost	**17,653**	**20,544**	**33,137**	**37,016**
Average number of full-time equivalent employees	28	38	28	40

1) See note 5 for government grants

Note 4 Employee share option program

The Group has a Long-Term Incentive Program for employees, an option scheme program. Each option gives the right to acquire one share in BerGenBio at exercise.

The Group has a share option program to ensure focus and align the Group's long-term performance with shareholder values and interest. Most of the employees in the Group take part in the option program. The program also serves to attract and retain senior management. The exercise price for options granted is set at the market price of the shares at the time of grant of the options. In general, options expire eight years after the date of grant.

Primarily the options vest annually in equal tranches over a three-year period following the date of grant.

Note 4 Employee share option program (continued)

Total options	YTD 2023		YTD 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 January	4,219,845	15.13	3,560,897	22.96
Granted during the period				
Exercised during the period			-205,277	15.68
Forfeited and cancelled	-376 463	15.38	-831 326	27.52
Balance at 30 June	**3,843,382**	**15.10**	**2,524,294**	**22.05**

0 options were granted in the three months period ended 30 June 2023 and 0 options were granted in the three months period ended 30 June 2022.

Vested options	YTD 2023	YTD 2022
Options vested at 1 January	1,615,066	1,541,168
Exercised and forfeited in the period	-89,008	-641,088
Vested in the period	609,742	832,844
Options vested at 30 June	**2,135,800**	**1,732,924**
Total outstanding number of options	**3,843,382**	**2,524,294**

The options are valued using the Black-Scholes model.
The risk-free interest rates are based on rates from Norges Bank and Oslo Børs on the Grant Date (bonds and certificates) equal to the expected term of the option being valued. Where there is no exact match between the term of the interest rates and the term of the options, interpolation is used to estimate a comparable term.

The vesting period is the period during which the conditions to obtain the right to exercise must be satisfied. The Group has estimated an expected vesting date and this date is used as basis for the expected lifetime. The Group expects the options to be exercised earlier than the expiry date. For Options granted earlier than 2014, the mean of the expected vesting date and expiry date has been used to calculate expected lifetime due to the lack of exercise pattern history for the Group and experience from other companies in combination with the relatively long lifetime of these options (up to 8 years).

For valuation purposes 55,81 % expected future volatility has been applied.

For the sixt months period ending 30 June the value of the share options expensed through the profit or loss amounts to NOK 1.8 million (for the same period in 2022: NOK 1.5 million). In addition, a change in provision for social security contributions on share options of NOK -0.0 million (for the same period in 2022: NOK - 0.6 million). The provision for social security contribution is calculated on the difference between the share price and exercise price on exercisable option as at the end of the period.

Note 4 Employee share option program (continued)

Members of senior management participating in the option program

Option holder		Number of options outstanding 30 June 2023	Weighted Average Strike Price 2023	Number of options outstanding 30 June 2022	Weighted Average Strike Price 2022
Martin Olin	Chief Executive Officer	950,000	7.59	0	0
Rune Skeie	Chief Financial Officer	397,097	18.90	297,097	22.71
Cristina Oliva	Chief Medical Officer	200,000	7.59	0	0
Nigel McCracken	Chief Scientific Officer	275,000	7.59	0	0
James Barnes	Chief Operating Officer	411,522	16.57	301,522	19.85
		2,233,619		**598,619**	

Note 5 Government grants

Government grants have been recognized in the profit or loss as a reduction of related expense with the following amounts

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Payroll and related expenses	168	342	441	685
Other operating expenses	1 151	1 414	2,329	2 827
Total	**1,319**	**1,756**	**2,770**	**3,512**

Grants receivable as of 30 June are detailed as follows:

	30 Jun 2023	30 Jun 2022
Grants from Research Council, BIA	0	172
Grants from Research Council, PhD	227	265
Grants from SkatteFunn	7,125	7,125
Grants R&D UK	4,354	4,262
Total	**11,707**	**11,823**

Note 5 Government grants (continued)

BIA grants from the Research Council:
The Company currently had one grant from the Research Council, programs for user-managed innovation arena (BIA) that ended in 2022.
The BIA grant ("AXL as a therapeutic target in fibrosis; biology and biomarkers") has been awarded from 2019 and amount up to NOK 10.7 million. The Group has recognised NOK 0.0 million YTD 2023 (2022: NOK 0.2 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses

PhD grants from the Research Council:
BerGenBio has been awarded two grants supporting industrial PhD's in 2020. The fellowship covers 50 % of the established current rates for doctoral research fellowships and an operating grant to cover up to 50 % of additional costs related to costly laboratory testing connected with the research fellow's doctoral work.
The Group has recognised NOK 0.4 million YTD 2023 (2022 : NOK 0.8 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses.

SkatteFunn:
R&D projects have been approved for SkatteFunn (a Norwegian government R&D tax incentive program designed to stimulate R&D in Norwegian trade and industry) for the period from 2021 until the end of 2024. The Group has recognised NOK 2.4 million YTD 2023 (2022: NOK 2.4 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses.

Innovation Norway:
BerGenBio has been awarded a NOK 24 million (USD 2.85m) grant from Innovation Norway to support the clinical development of BGB324 in combination with Merck & Co.'s KEYTRUDA® (pembrolizumab) in patients with advanced lung cancer.
The grant from Innovation Norway is an Industrial Development Award (IFU). The IFU program is directed to Norwegian companies developing new products or services in collaboration with foreign companies.
BerGenBio has by end of 2020 recognised and received the total grant of NOK 24 million. The grant may be withdrawn under certain circumstances.

R&D tax grants UK:
BerGenBio Limited, a 100% subsidary of BerGenBio ASA, has been granted R&D tax grants in UK from 2017. R&D grants are approved retrospect by application. The Group has YTD 2023 recognised NOK 0.0 million (2022: NOK 0.0 mill) classified as reduction of payroll and related expenses for the year 2023.

Note 6 Other operating expenses

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Program expenses, clinical trials and research	19,463	53,276	64,069	105,055
Office rent and expenses	876	994	1,692	1,722
Consultants R&D projects	1,697	1,762	4,591	4,219
Patent and licence expenses	1,895	2,510	3,630	3,339
Other operating expenses	7,323	10,252	15,382	17,648
Government grants	-1,151	-1,414	-2,329	-2,827
Total	**30,103**	**67,380**	**87,035**	**129,156**

Note 7 Earnings per share

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Loss for the period (NOK 1,000)	-48,836	-84,156	-120,833	-165,182
Average number of outstanding shares during the period	336,613,763	88,660,532	213,322,101	88,612,055
Earnings (loss) per share - basic and diluted (NOK)	**-0.15**	**-0.95**	**-0.57**	**-1.86**

Share options issued have a potential dilutive effect on earnings per share. No dilutive effect has been recognized as potential ordinary shares only shall be treated as dilutive if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Group is currently loss-making an increase in the average number of shares would have anti-dilutive effects.

Note 8 Other current assets

	YTD 2023	YTD 2022
Government grants	11,707	11,823
Refundable VAT	774	259
Prepaid expenses	1,956	1,214
Other receivables	0	29
Total	**14,437**	**13,325**

Note 9 Share capital and shareholder information

As of 30 June	Number of shares	Nominal value (NOK)	Book value (NOK)
Ordinary shares 2023	2,620,532,532	0.10	262,053,253.20
Ordinary shares 2022	88,660,532	0.10	8,866,053.20

Changes in the outstanding number of shares

	YTD 2023	YTD 2022
Ordinary shares on January 1st	88,660,532	88,455,255
Issue of ordinary shares	2,531,872,000	205,277
Ordinary shares on June 30th	**2,620,532,532**	**88,660,532**

Note 9 Share capital and shareholder information (continued)

Ownership structure as of 30 June 2023

Shareholder		Number of shares	Percentage share of total shares
METEVA AS		704,815,981	26.9 %
INVESTINOR DIREKTE AS		214,431,620	8.2 %
DNB BANK ASA	NOMINEE	192,134,520	7.3 %
MP PENSJON PK		60,893,267	2.3 %
BERA AS		52,118,026	2.0 %
NORDNET BANK AB	NOMINEE	51,142,878	2.0 %
NORDNET LIVSFORSIKRING AS		40,688,300	1.6 %
AVANZA BANK AB	NOMINEE	34,951,331	1.3 %
SARSIA DEVELOPMENT AS		33,675,000	1.3 %
JAKOB HATTELAND HOLDING AS		25,200,000	1.0 %
MOHN MARIT		24,817,824	0.9 %
MARSTIA INVEST AS		25,019,424	1.0 %
HØSE AS		21,006,588	0.8 %
RO INVEST AS		20,000,000	0.8 %
KONVEGENS INVEST AS		15,451,000	0.6 %
ZAIM		12,000,000	0.5 %
BIRK VENTURE AS		12,000,000	0.5 %
JAHATT AS		10,075,000	0.4 %
BJØRKEHAGEN AS		10,000,000	0.4 %
BERGEN KOMMUNALE PENSJONSKASSE		9,300,000	0.4 %
Top 20 shareholders		**1,569,720,759**	**59.9 %**
Total other shareholders		1,050,811,773	40.1 %
Total number of shares		**2,620,532,532**	**100.0 %**

The Annual General Meeting held 22 May 2023 approved to issue up to 2.5 billion new shares in a rights issue, and additional up to 1.25 billion warrants. The rights issue was successfully completed 13 June 2023 and fully subscribed. 2.5 billion shares was issued and 1.25 billion warrants. The warrants is a right to receive one share at a predefined issue price in specific windows.

The Board of Directors has been granted a mandate from the general meeting held on 22 May 2023 to increase the share capital with up to NOK 12,909,000 by subscription of new shares. The power of attorney was granted for the purpose of issuance of new shares in accordance with the Company's share incentive program and is valid until the earlier of the annual general meeting in 2024 and 30 June 2024. See note 4 for more information about the share incentive program and number of options granted.

The Board of Directors has been granted a mandate from the general meeting held on 22 May 2023 to increase the share capital with up to NOK 72,773,210 by subscription of new shares. The proxy is valid until the earlier of the annual general meeting in 2024 and 30 June 2024.

Note 9 Share capital and shareholder information (continued)

Shares in the Group held by the senior management group

	Position	Employed since	Warrants 30 June 2023	Shares 30 June 2023	Shares 30 June 2022
Martin Olin	Chief Ecexutive Officer	September 2021	1,000,000	2,037,100	37,100
Rune Skeie	Chief Financial Officer	March 2018	129,595	259,190	0
Nigel McCracken	Chief Scientific Officer	March 2021	142,554	285,108	0
James Barnes	Chief Operating Officer	March 2019	129,595	259,190	0
Total shares held by management			**1,401,744**	**2,840,588**	**37,100**

Shares in the Group held by members of the Board of Directors

	Position	Served since	Warrants 30 June 2023	Shares 30 June 2023	Shares 30 June 2022
Anders Tullgren	Chairman	January 2022	704,910	1,459,820	50,000
Sveinung Hole 1)	Board member	September 2010	1,000,000	2,000,000	107 394
Sally Bennett	Board member	December 2020	157,413	314,826	0
Debra Barker	Board member	March 2019	155,513	311,027	0
Total shares held by members of the Board of Directors			**2,017,836**	**4,085,673**	**157,394**

1) Sveinung Hole holds 2,000,000 (104,444) shares in the Company through Svev AS, a wholly owned company of Sveinung Hole, and 0 (2,950) shares directly.

BerGenBio

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